

Lori Lapin Jones, Chapter 11 Trustee  
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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re:  
  
PENINSULA HOSPITAL CENTER, et al.

Chapter 11  
Case No. 11-47056 (ess)  
Case No. 11-47985 (ess)

Debtors.

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STATUS REPORT OF CHAPTER 11 TRUSTEE

As the Bankruptcy Court and parties are aware, the appointment of a Chapter 11 Trustee for Peninsula Hospital Center (“Hospital”) was on consent of interested parties and resulted from the issuance by the New York State Department of Health (“DOH”) of Summary Orders closing the Hospital’s laboratory due to serious patient safety deficiencies and a direction that the Hospital stop accepting patients dependent on laboratory services. As a consequence, substantially all patient operations at the Hospital were discontinued. At the time of the Trustee’s appointment, efforts by the Hospital’s existing management were underway to take the steps necessary to correct the cited laboratory deficiencies.

The Trustee was hopeful that the remedial efforts undertaken by management and the professionals they retained would result in prompt recertification of the laboratory and a return of patient admissions. Given the financial difficulties experienced by the Hospital (seriously compounded by the closing), DOH agreed to review the work performed to date in connection with curing the laboratory deficiencies. Following a preliminary review, DOH determined that

substantial additional time, effort and expense would be required before the laboratory would be eligible for recertification. It was DOH's view that the process would take several months.

The Hospital does not have sufficient working capital to keep the Hospital open (even with a greatly reduced staff) for such a prolonged period while recertification efforts continue. Accordingly, the Trustee has made the decision to submit a closure plan for the Hospital to DOH. The Trustee will now turn to determining the most efficient and responsible manner in which to wind down the affairs of the Hospital (including determining whether the Hospital can be used for other healthcare purposes) and she will do so in coordination with DOH and in consultation with creditors and the Union. Although the Trustee is new to the case, she recognizes and appreciates the long and respected history of the Hospital, the important role of the Hospital in the community and, most important, the talented and dedicated staff that has served the Hospital for many years.

Peninsula General Nursing Home will continue to serve the community and its daily operations should not be affected by the wind down of the Hospital. The Nursing Home staff has been extremely dedicated to continuing the high quality of care provided at the Nursing Home and that will not change as we moved forward.

Dated: March 26, 2012  
Great Neck, New York

/s/ Lori Lapin Jones, Trustee  
Lori Lapin Jones, Chapter 11 Trustee